

# FOREIGN POLICY BULLETIN

*An analysis of current international events*



1918-1950

FOREIGN POLICY ASSOCIATION • INCORPORATED • 22 EAST 38TH STREET • NEW YORK 16, N. Y.

VOL. XXIX No. 31

MAY 12, 1950

## ***Dewey Opposes Trend Toward Isolationism***

This country faces a crisis today in the conduct of its foreign affairs. The nature of the crisis is clear. Ten years ago, Nazi Germany was engaged in a program of world conquest at a time when the Soviet Union was ostensibly at peace. Today, Nazi Germany and her allies have been defeated and the Soviet Union has openly taken over their program of world conquest.

By spending huge sums of money and by dint of great labors, we have won up to now a precarious stalemate in Western Europe. Until after the Italian election of 1948, each election was a crisis which endangered all Europe. The delicate balance still persists. Meanwhile, our atomic leadership has suffered the most serious impairment and the Fuchs case in England has demonstrated that even our progress toward producing the hydrogen bomb may also be fully shared by the Soviets.

### ***Isolation Rejected***

I do not here assess blame for this desperate situation but want to discuss what we can do about it. The situation requires a supreme and unified effort commanding the best experience and brains in the country.

The first necessity is to reverse the ominously rising trend toward isolationism in the United States. The repercussions of our isolation and encirclement would be cumulative and endless. The loss of foreign markets would produce drastic consequences. The loss of the raw materials we receive from overseas would impose such staggering costs in the development of substitutes and synthetics for the essen-

tials of our modern industrial life that the living standards of our people would steadily decline, while government regimentation would take us into a complete economic autarchy. On top of that, the

### ***U.S. Policy Under Review***

Current public discussion of American foreign policy has revealed great differences of opinion as to whether the United States committed errors in the past, and as to the course it should pursue in the future. The Foreign Policy Association has invited experts of differing points of view to present their conclusions on some of the major issues under discussion. The fourth of these articles appears in the adjoining columns.

cost of maintaining armaments large enough to defend our 150 million people against the possible attacks of 2 billion people would alone force us to sacrifice our free way of life.

The second thing we must do is to steer clear of the "happy thought" approach to foreign policy. We cannot buy peace either by ransom or tribute. It is a cruel delusion to lead people to believe it could be done. The belief that any single "happy thought" solution would bring an end to the cold war and peace to the world should be avoided like the plague.

Surely, no suggestion should be overlooked and no possibility omitted from study and possible action. But there is no substitute for the hard labor of experts with a lifetime of training, working pa-

tiently and with devotion in the cause of peace. There is no substitute for strength, competence, patience and determination.

Even as we reject diplomatic panaceas, we should also reject the notion that war is inevitable. Fatalistic acceptance of the inevitability of war is the one thing most likely to bring it on.

Our purpose must be to make it clear to any aggressor that there can be no limited risks in a war against the free world; that the risks of atomic warfare are total and that, regardless of what damage might be done to us, instant and terrible retaliation would be exacted.

### ***New Strategy Outlined***

We are buying time with our billions of dollars of foreign aid and our billions for defense. If we are faithful to our commitments and to the cause in which we believe, we have a right to hope that time is on our side.

To win the cold war, we must put our whole strategy on a new basis. To be blunt, I believe our intelligence system is wholly inadequate for a country facing the dangers and responsibilities before us.

Hand in hand with a good intelligence service goes effective propaganda. Our propaganda efforts should be enormously intensified in an effort to reach the enslaved peoples of Russia and her satellite subjects.

Intelligence and propaganda are, of course, merely tools. They must be directed to great ends. As a nation, we must decide what it is we want and then pursue it by every course and means available.

Our objectives need not, indeed they

*Contents of this BULLETIN may be reproduced with credit to the Foreign Policy Association*

should not, be selfish or material. But they must be real, they must be clearly defined and universally understood, at least by our own representatives. They must serve not only our own security but the cause of a free world.

In addition to overwhelming force for peace we must add a genuine and united understanding of what we really want in world affairs this year, next year and for generations to come.

One basic objective should be a United States of Europe. For some unaccountable reason, both this nation and the nations of Europe have backed into this entire subject with an appalling lethargy. It is still not clearly defined in relation to our program of aid to Europe.

The next imperative among our foreign policy objectives is that we stop regarding the continuous Red successes in Asia with the calm of a Buddha contemplating his navel. Here almost any action is better than no action. But it is of the first importance that whatever action we take encourage a restoration of the faith of the peoples of the Orient in America. We must revitalize the Western tradition of developing the underdeveloped areas of Asia and Africa. It is essential that the withdrawal of Western dominance in favor of native governments should not be a pre-

lude to the establishment of a new and vastly worse Communist tyranny and exploitation.

American technical and industrial skill can create great strength and friendships in underdeveloped areas. American investments, with reasonable guarantees by both the American and native governments, pursuant to the President's Point Four program, seem essential to the continuing progress of the development of the world. It is equally vital to the supply of things we regard as necessities in our own economy and to the world-wide exchange of goods which is an essential characteristic of a free world.

The greatest need of our foreign policy is immediate and sincere restoration to a genuine bipartisan basis. The two-party system has served us well in dealing with domestic problems. It can be made to serve the dire necessities of our situation in the world. If this is to be achieved, it requires a radical improvement in the attitude of both the Democratic National Administration and sections of the Republican party.

Politics should "stop at the water's edge" and if it does not do so soon, I doubt if we will long own the water's edge.

At best bipartisan foreign policy is not

easily achieved. Clearly, a better and firmer system of cooperation can and must be devised and firmly established at least for the duration of the cold war.

Consultation should certainly take place before, not after, decisions in the shaping of policy are made. Bipartisanship cannot be merely a ratification of policies determined by one party, and it should apply in all decisive areas of foreign policy, not merely in those where it is found convenient or politically expedient.

Bipartisan cooperation also implies, in the nation's welfare, freedom fairly to criticize and to improve legislation. It must not mean that the Congress is reduced to the status of a rubber stamp. It requires a willingness on both sides to work together for great objectives and to rise above personal prejudices and irritations which inevitably flow from differences on domestic policy.

To save the peace through our own efforts and with others in the United Nations requires our finest abilities and our highest patriotism.

THOMAS E. DEWEY

(The above article is an authorized condensation of the third lecture in a series of four on "The American Political System," delivered by Governor Dewey at the Woodrow Wilson School of Public and International Affairs of Princeton University on April 12, 1950.)

## ***Accord With India Opens New Vistas for Pakistan***

Rather bitterly, a Punjab businessman recently complained that an American correspondent had addressed a letter to him at "Lahore, Pakistan, India." The businessman spoke wearily, too, for the same thing had happened before. "Pakistan is not India," he emphasized. "It is not, not, not, *not* India."

The gentleman's exasperation exposes the central motivation visible in the young and mainly-Muslim state of Pakistan. Pakistan exists today as the product of a revolt against the dominant cultural, economic and political forces of India; and much of its short history can be explained in terms of that revolt.

### ***Muslim Homeland***

Prime Minister Liaquat Ali Khan told his people last year that "the only reason why we and the Quaid-i-Azam [Mohammad Ali Jinnah] demanded Pakistan was to secure in this subcontinent a homeland where the Muslims could live in their own way." He added that they "are pledged to make Pakistan a Muslim State and run

it on Islamic principles."

Other factors besides the intriguing experiment in modern Islamic statehood make the visit of Prime Minister Liaquat Ali Khan to the United States, starting May 4, a significant event. With more than 80 million people, Pakistan is one of the new nations of South Asia whose influence extends far beyond its own borders. It is endeavoring to develop close ties with Middle Eastern and other Islamic countries; it abuts both Central and Southeast Asia; and it is a new force in the British Commonwealth of Nations.

Pakistan has made important strides since its birth on August 15, 1947. Initially the prognosis for its future was not very favorable: the physical bifurcation was awkward; no major industrial areas were included in Pakistan territory; Muslim society had not yet produced enough specialists to manage business, the professions or administration; the national government had to be organized from scratch; and national destruction was immediately threatened by waves of communal mas-

sacres, rioting and migration of terror-stricken refugees by the millions.

When atop such difficulties the founder of Pakistan, Mohammed Ali Jinnah, shortly fell ill, dying in September 1948, responsibility shifted directly to the shoulders of his pupils. Chief among these was Liaquat Ali Khan, now 54 years old, the country's first Prime Minister. A landowner, lawyer and political strategist, Liaquat Ali Khan had prepared for leadership with lengthy service in Indian legislatures, both provincial and national, and with twenty-four years in the All India Muslim League. For twelve years as General Secretary he had helped Jinnah strengthen the Muslim League into the pre-eminent organ of Indian Muslim political opinion. Having survived one effort to dislodge him since independence, the Prime Minister appears today to command broad popular and political support.

In the task of creating a Muslim state (while committing itself concurrently to safeguard the rights of the 12 million Hindu residents and of other minority

communities) the Pakistan government has had to meet basic problems. Only an "objectives resolution" exists as the foundation stone of the future Pakistan constitution, but despite political and "red-tape" troubles, the national and provincial administrations are performing their functions.

### ***Economic Problems***

Economically the country is potentially sturdy. Although it lacks a sizable industrial base and needs to import most manufactured goods, it produces substantial surpluses of wheat, cotton, jute and other agricultural commodities. Until last autumn exports continued at a higher rate than imports, and Pakistan was one of the few countries to have net dollar earnings. That happy situation ended as imports increased.

The economic future of Pakistan—like its political future—depends largely on relations with India. Indo-Pakistani trade has come to a halt as the result of a dispute that began when India, like other Commonwealth countries, devalued its currency last September and Pakistan did not. Both nations charged that the other had violated their agreement to keep their currencies at par. Riparian rights are in

dispute on rivers that rise in India but feed Pakistan irrigation channels. Critical economic repercussions are inherent in the Indian claim to compensation for properties left in Pakistan by fleeing Hindus and Sikhs—whose holdings, according to the Indian government, were worth some billions of dollars more than Muslim evacuee property left in India.

When these causes of friction and the inflammable dispute over Kashmir were compounded recently by communal excesses in East and West Bengal, Indo-Pakistani relations reached such crisis proportions that Prime Ministers Jawaharlal Nehru and Liaquat Ali Khan held urgent conferences (April 2-8 and April 26-27) which had the effect of easing the immediate tension.

As it happens, the anti-Indian feeling has had a unifying effect in Pakistan, some of whose people hesitated to express dissatisfaction with their government so long as it was engaged in what was regarded as a struggle for national survival. The stoppage of wheat exports to India, moreover, made flour cheap and plentiful in Western Pakistan and brought the government popular gratitude for its bounty. One of the problems facing Pakistan is to maintain similar national unity when ten-

sion with India decreases and food begins to be exported as usual. At that point, underlying social and political forces may come into operation, and the government may be tested by demands for agrarian and urban reforms.

In the meantime Pakistan, like many other countries, is clearly interested in the United States. Some Pakistanis tend to view American policy in Asia with suspicion as "financially imperialistic" or "too pro-Indian." Others question the ultimate objectives of the United States. Speaking on the University of Chicago Round Table of the Air radio program on May 7, Prime Minister Liaquat Ali Khan declared that the people of Asia were "under the impression" that the United States was interested only in the possibility of war with Russia and not in the "peace of the world," and was not doing "all that it should do to secure peace." The Prime Minister's visit will give Americans and Pakistanis an opportunity to get each other's measure.

PHILLIPS TALBOT

(Dr. Talbot is Senior Associate of the Institute of Current World Affairs, Visiting Assistant Professor of Political Science at the University of Chicago and correspondent in Asia of the *Chicago Daily News* Foreign Service. He has just returned from a visit to Pakistan.)

## ***Tito Seeks Basis for Agreement With Neighbors***

The May Day manifesto of the Yugoslav Communist party summoned Marxists, "leftists" and "progressives" everywhere to support the Tito regime against the alleged perversion of true communism and Leninism by Stalin. This proclamation spotlights two important facts. Belgrade is convinced that its national theory and practice represent orthodox communism; and Tito asserts that Communist regimes may place their own national interests above those of the Soviet Union.

The Tito doctrine makes its appeal not only in the Eastern European countries—as the trials of Hungary's Rajk and Bulgaria's Kostov show—but also to Communist parties in other parts of the world. The strength of "Titoism," however, will depend largely on the success of Yugoslavia's own development.

### ***Struggle for Survival***

Well aware of this, Moscow has imposed a ruthless economic boycott on Belgrade by all Cominform countries. If Yugoslavia is to carry out its ambitious industrial plans, it desperately needs trade

not only with the Western powers but also with its non-Communist neighbors—Greece, Italy and Austria. Consequently Marshal Tito's parliamentary address on April 27, in which he spoke hopefully about good relations with all three of these neighbors, was particularly significant.

Economic ties with Austria, he declared, were developing favorably, and they laid the basis for good-neighbor relations. Tito's claims against Vienna for reparations and territorial annexations were reluctantly abandoned last year during the Austrian treaty negotiations when the Soviet Union withdrew its support for them. Full normalization of Austro-Yugoslav relations, however, awaits a decision on Austria's international status and the termination of Allied occupation.

When the Russians summoned a special meeting of the Foreign Ministers' deputies on May 4, only to reopen the question of denazification which had previously been agreed to, the outlook for quick conclusion of an Austrian state treaty, despite settlement of all the major points at issue, appeared dark. The poor showing made

by Communist candidates in Austria's Soviet-zone local elections on May 7 makes it even more unlikely that the Russians will speed their withdrawal from this strategic area. It is doubtful that an article which appeared in *Pravda* on May 8—proposing that the signature of the Austrian pact be made conditional on withdrawal of Anglo-American occupation troops from Trieste in supposed implementation of the Italian peace treaty—indicates any change of policy in Moscow.

Yugoslav relations with Greece have eased substantially since the center coalition government of General Nicholas Plastiras was formed on April 15. An agreement to restore diplomatic relations was reached on April 20. One advantage for Yugoslavia should be the opening of trade through Salonika, although strong opposition to this step may be expected in Athens. It is doubtful if Greek-Yugoslav relations can become more than formally correct in the near future, however. Athens fears Cominform revival of the civil war if it becomes too friendly with Tito. Belgrade, for its part, does not want to give



credence to Moscow's charge that it has become a "tool of American imperialism" by fraternizing with what Communists call the "monarcho-fascist" regime in Greece.

### *Italy and Trieste*

In his parliamentary address Marshal Tito declared that the improvement of commercial and other relations with Italy would lay the basis for "easier settlement of the disputed questions," chiefly Trieste. When Italian Foreign Minister Count Carlo Sforza suggested on April 8 that the two nations settle the Trieste question on the basis of the three-power note of March 20, 1948, in which the United States, Britain and France proposed the return of Trieste to Italy, he brought about a violent flare-up in Belgrade, where the speech was denounced as an attempt to blackmail and threaten the Yugoslavs.

A major reason for this exchange was the projected regional election in the Yugoslav-occupied Zone B of Trieste, which was held on April 16, resulting in an 88.36 per cent victory for the pro-Tito People's Front. Italians regarded these elections as the prelude to Yugoslav annexation of the zone.

The Soviet Union on April 20 further complicated the situation by accusing the Western powers of violating the Italian treaty provisions regarding Trieste and establishing a naval base in the territory. It demanded withdrawal of British and American occupation troops and implementation of the treaty's provisions regarding Trieste. Now that a strong pro-Communist party has developed in Trieste, Moscow prefers to see the territory acquire independent status rather than have it partitioned or given to either Italy or Yugoslavia.

Secretary of State Dean Acheson promptly dismissed the "wholly false allegations" made in the Soviet note. Although the United States continues to support the March 1948 proposal, it will not apply pressure to implement it and hopes that Italy and Yugoslavia, in direct negotiations, can agree on a settlement which could be added to the peace treaty. Washington, anxious to maintain friendly relations with both Belgrade and Rome in the face of strong anti-American sentiment

in each country, is reluctant to interfere on either side.

The Trieste question entered a new phase when Marshal Tito on April 28 implied that a settlement might be reached on the basis of an accord signed with Palmiro Togliatti, Italian Communist leader, in the autumn of 1946, under which Yugoslavia would take Zone B and the Italian city of Gorizia, while Italy would obtain Zone A including the city of Trieste. This proposal was quickly rejected by all Italian parties, including the Communists. Nevertheless, government circles were pleased at Tito's readiness to negotiate and his interest in improved commerce.

Yugoslavia has yet a very long way to go before outstanding differences with Italy, Austria and Greece can be fully ironed out. However, amid the shrill criticisms and bitter attacks one can detect a significant trend toward greater cooperation, which is to the advantage of the West in general as well as of Tito's Yugoslavia.

FRED W. RIGGS

### *Israel Assessed*

How successful has the new state of Israel proved in meeting its manifold political, economic and social problems? What are its future prospects? READ:

ISRAEL AFTER TWO YEARS

by Edward A. Norman

May 15 issue

*Foreign Policy Reports*—25¢

Subscription \$5; to FPA members, \$4

### *Branch and Affiliate Meetings*

BOSTON, May 12, *World Organization or World Understanding*, Ralph E. Flanders

CLEVELAND, May 12, *U.S. Business and Diplomacy with Latin America*, David Rockefeller

ALBANY, May 15, *Critical Areas in Foreign Policy*, Harold W. Bibber, James Morley, Felix E. Hirsch

MILWAUKEE, May 16, *Human Rights*, Bruno T. Bitker

NEW ORLEANS, May 16, *The Present Situation in Germany*, Ralph Nicholson

HARTFORD, May 17, *The New Diplomacy of the Cold-War Era*, Alan Burr Overstreet

ST. LOUIS, May 17, *Annual Pan American Banquet*, Ambassador Mauricio Nabuco

MILWAUKEE, May 23, *Our Problems in the Far East*, Rudolph E. Morris

NEW ORLEANS, May 23, *Pakistan Today*, His Excellency Liaquat Ali Khan

### *' News in the Making*

GERMAN SWING TOWARD WEST?: In the rapidly intensifying struggle between the West and the U.S.S.R. for German support, the Western powers' proposal for free elections in Berlin and Moscow's announcement on May 4 that the return of German war prisoners had been completed have sharply swung German opinion against Russia. The subsequent summoning of German Communist leaders to Moscow aroused speculation about the possibility that the Kremlin might revise its policy on Germany.

U.S. EXPORT SURPLUS CUT: Figures released by the Department of Commerce reveal that the excess of exports over imports was reduced by more than \$1 billion during the first quarter of this year, as compared with the corresponding months of 1949. The narrowing of the gap, however, was largely attributable to a 28.2 per cent decline in American exports. Imports for the period increased by only 5.4 per cent.

EAST-WEST TRADE INCREASE: The one-year French-Czechoslovak commercial agreement which went into effect on May 1 is intended to bring about a considerable increase in trade between the two countries. France is to step up exports of metal and mechanical products which, according to the French, come well within the rules that apply to the Marshall Plan countries concerning trade with Eastern Europe. Phosphates from North Africa will also go to Czechoslovakia. In exchange, France will receive farm and textile machinery, sugar, textiles and glassware.

SOUTH AFRICAN GOLD: The Union of South Africa may leave the International Monetary Fund as the result of its dispute with the agency over gold sales. A South African proposal that world gold producers be allowed to sell half of their newly mined output on the free market—above the fixed rate of \$35 an ounce when they could get it—was turned down by the Fund's board of directors on May 3. In a statement of May 5 Finance Minister N. C. Havenga attacked the United States for its part in the decision and asserted that South Africa "reserves freedom of action" for future sales policy.